

Performance Measure Profile

Outside Ratings

FY 2013 Methodology Report



Federal Aviation
Administration

Performance Measure Applicability

☐ **DOT Strategic Plan**

Goal: n/a

Outcome: n/a

Metric: n/a

☐ **Agency Priority Goal**

☒ **Destination 2025**

Goal: Create our Workplace of the Future

Outcome: FAA is widely recognized as a workplace of choice.

Metric: Achieve a 90% success rate in the areas of financial management and human resources management.

FY 2013 Performance Target

Achieve a 90% success rate in the areas of financial management and human resources management:

- Receive annual Unqualified Audits with no material weaknesses.
- Maintain the competitive status of all FAA employees within the federal personnel system.
- Improve the "effective leadership" index score on the OPM Employee Viewpoint Survey by 8 percent.
- Improve the "talent management" index score on the OPM Employee Viewpoint Survey by 8 percent.

Lead Organization: Human Resource Management (AHR)

| | FY 2009 | FY 2010 | FY 2011 | FY 2012 ¹ | FY 2013 |
|---------------|---------|---------|---------|----------------------|---------|
| Target | N/A | N/A | N/A | 90% | 90% |
| Actual | N/A | N/A | N/A | 91.6% | TBD |

Definition of Metric

| | |
|-------------------------|---|
| Metric Unit: | The unit of measure is the change in the weighted scores of the four components of this performance measure (financial management, human resources management, and the OPM indices for talent management and leadership). The baseline is derived using results from FY 08 for the OPM audit of FAA's personnel system, the FY 10 opinion of the independent audit of FAA's financial statements, and FY 10 Employee Viewpoint Survey [EVS] results for the talent management and leadership indices. |
| Computation: | The computation is a sum of weighted scores for the four components. To achieve a 90% success rate, the scores of the financial management and human resources management must be perfect to contribute 40% each of the total while the combination of the index scores must total at least 20%. |
| Formula: | Sum (40% for the auditor's opinion on FAA's annual financial statement; 40% value for OPM audit; and 10% each for EVS survey items on leadership and talent management). |
| Scope of Metric: | The scope includes: FAA's annual financial statements, related footnotes, and required supplementary information; an independent, biennial assessment and audit of the FAA's personnel management system, policies and practices by OPM; and indicators of |

¹ This was a new measure for FY 2012. No prior year data are available.

| | |
|---------------------------|---|
| | employees' views of the Talent Management and Leadership performance of FAA's managers. |
| Method of Setting Target: | The target was selected relative to the most recent opinion and assessment of FAA's financial and human resources management systems. The FY 10 EVS data provides a positive reflection of employee's views of the performance of FAA's managers in talent management and leadership and increasing those scores by 8% sets a stretch goal. |

Why the FAA and/or DOT Choose this Metric

The FAA chooses this measure to show its success in financial and human resources management as indicated by assessments from outside sources. OPM manages the EVS process as part of the President's efforts to improve workforce engagement. Research by the Corporate Leadership Council and other organizations has shown that employee development and training has lasting positive impacts on employee engagement as does effective leadership. OPM has identified the Human Capital Assessment and Accountability Framework (HCAAF) Leadership and Talent Management indices as the EVS-based measures of those areas.

Public Benefit

The public benefits by being reasonably assured the agency is being operated in a transparent and fiscally responsible manner and that our human resources management system is legally compliant with merit systems principles, adheres to veterans' preference rules and maintains an internal system of accountability. The public also benefits by knowing that our human resource practices, programs and policies position us to compete for the best and brightest talent to ensure a safe, efficient, and responsive air transportation system for the flying public.

Partners

All FAA organizations are responsible for following accounting policy properly, and for entering accurate source data into the accounting system. While AHR has fiduciary oversight and corporate responsibility for the agency's human resources management system, all FAA organizations and managers and supervisors are accountable for their HR decisions. It is essential that we work collaboratively to ensure sound, merit-based practices are implemented within the agency to achievement satisfactory reviews of our financial and human resource management systems.

External Factors Affecting Performance

External financial data, such as excise tax revenue of the Airport and Airway Trust Fund (AATF), collected and attributed to the AATF by the Department of Treasury (Treasury) can affect FAA performance. FAA analyzes this data to ensure reasonableness; however we rely upon various Treasury bureaus for the accuracy of these amounts which are reported in FAA's financial statements.

Regarding human resources management, external factors that can affect FAA's results include OPM's use of the Central Personnel Data File (CPDF) and not the agency's official personnel system of record, Federal Personnel and Payroll System (FPPS), which is maintained by the Department of Interior. FAA must rely on OPM for the accuracy of information reported in the CPDF.

Factors such as Congressional budget decisions and legislation could affect the levels of funding for training. Decreases in available training could in turn negatively affect employees' perceptions of FAA's support for their development and career opportunities. Also, the same Congressional decisions and along with negative press articles can affect employees' perceptions of leaders government-wide and within FAA.

Source of the Data

Several sources of data are required to support the achieved success rate of this performance measure.

The data used to evaluate FAA's financial management component of this measure comes from the independent auditors' report, issued at the conclusion of their audit of FAA's annual financial statements. The auditors' report is published annually in FAA's Performance and Accountability Report.

The data used for OPM's compliance review and audit of FAA's human resources management system is collected from official personnel case files and records from approved audit sites (i.e., cross-section of FAA regional, Centers and Headquarters HR offices), interviews with HR staff, OPM's central personnel data file (CPDF), and published agency policies and guidelines. Data collected from these sources are then compiled and analyzed by OPM's evaluators, and findings from their review are documented in an independent report, containing recommended actions as necessary, issued at the conclusion of the audit. OPM's decision to

renew, or extend, FAA's personnel interchange agreement is subsequently transmitted in an Executive Memorandum, and serves as the official source of performance data for the metric.

OPM administers the EVS Survey, maintains the database, and provides the official results and reports for the whole government and individual agencies. OPM provides FAA the information needed to calculate its score on this index.

Statistical Issues

The assessments of the financial and human resources management systems must be perfect to contribute 40% each toward the total 90% success rate. Although the Leadership and Talent Management indices are each weighted 10% of the total percentage, a combination of these values must total at least 20%. If the combined value of the indices exceeds 20%, the FAA will exceed the 90% success rate. Similarly, if the combined value is less than 20%, the FAA will not meet the 90% target.

The baseline of the index scores was established using FY 10 EVS results and the value of the index scores will likely change as the results of each EVS are reported. The FAA established an increase of 8% by FY 2018 in the score of each index to demonstrate its commitment to meeting the President's challenge to improve workforce engagement and to address employee comments on the FAA strategic plan. While the combined value is essential to achieving the 90% success rate, an increase in the value of the index scores year after year will result in exceeding the target.

Completeness

Achievement of this target will be fully documented by the assessments from independent auditors and OPM review, with the results being issued by those organizations. OPM has identified the HCAAF Leadership and Talent Management indices as the EVS-based measures of those areas. The Leadership Index covers a range of leader roles and performance dimensions and the Talent Management Index covers a comprehensive range of issues related to the effective training and development of employees and the application of knowledge and skills in the workplace. The FAA desires to increase the score of these indices each year to show an 8% increase by FY 2018. The results for these indices will be reported in the year-end documentation of this performance measure.

Reliability

OPM's Talent Management and Leadership Indices meet reliability standards for survey scales (coefficient alpha); however, the factors described in the Statistical Issues section could reduce reliability.